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Cambodian rebels express optimistic outlook to Shultz

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BANGKOK, Thailand — Representatives from the non-communist Cambodian resistance showed a "strikingly positive outlook" yesterday in a meeting here with Secretary of State George Shultz, one American official said.

The beleaguered coalition government of Democratic Kampuchea (Cambodia) still needs arms but was "generally upbeat" about its military situation, the source added. The senior State Department official, who briefed reporters here on condition he not be named, declined comment on published reports that the CIA has been covertly funding the resistance for three years.

Prince Norodom Ranariddh, head of his father's Sihanouk Nationalist Army, and Gen. Sak Sutsakhan of the Khmer People's Liberation Front told Secretary Shultz they had "no pretense of evicting Vietnam militarily . . . but by creating pressure to bring them to the negotiating table,"

the source said.

Vietnam maintains about 160,000 troops in Kampuchea, according to most estimates.

Vietnam has drawn international criticism in recent weeks for opposing tentative proposals to set up political talks on the Cambodian issue, a problem likely to hold center stage during this week's diplomatic meeting of the Association of Southeast Asian Nations (ASEAN) in Kuala Lumpur, Malaysia.

Mr. Shultz, who is to leave for the Malaysian capital tomorrow, strongly condemned the "illegal occupation of Cambodia by Vietnam" in several statements yesterday to Thai and Khmer officials.

The occupation, along with the unresolved cases of 2,435 U.S. servicemen and 42 civilians still missing in Indochina, is a major obstacle to normalizing diplomatic relations between Vietnam and the United States.

In a well-timed gesture of cooperation, Vietnam has deflected some attention from negotiating

plans by announcing it will turn over what may be the remains of 26 servicemen.

Mr. Shultz made the announcement Sunday on a stopover in Hong Kong. Only days earlier, Assistant Secretary of State Paul Wolfowitz had declared that any progress on the MIA question "... (is) certainly something that would improve the atmosphere."

A turnover is expected in six to eight weeks, U.S. sources said. Mr. Shultz, who met with Prime Minister Prem Tinsulanonda, as well as the Thai foreign and economic ministers, stressed trade and security issues in his talks with one of America's staunchest allies.

He reportedly heard concerns about a swing toward protectionism in Congress and reiterated the administration position that "protectionism is bad for our friends and also bad for us."

He also signed an agreement giving \$3 million to help Thai villagers along the border areas affected by Cambodian fighting.

The focus of the trip, however, is on the region's most urgent political and security problem: Vietnam's presence in Cambodia.

The meeting of the six foreign ministers of ASEAN is likely to see actions on current plans for "proximity talks."

The State Department source said resistance leaders meeting with Mr. Shultz had agreed in principle to the concept. The talks would allow interested parties to confer via a mediator, thus avoiding the conflict of a face-to-face meeting.

The main obstacle has been in defining "interested parties." A plan preferred by Indonesia calls for such talks to include the pro-Hanoi Phnom Penh government; a Thai proposal would instead include officials from Vietnam.

Vietnam has opposed the idea on the grounds that the United Nations-recognized resistance government includes members of the infamous Khmer Rouge.

The U.S. official source called this a "smokescreen."

"Frankly, the possible return of the Khmer Rouge is more of a problem for us than it is for the Vietnamese," the source said.

Among proposals to strengthen the non-communist bloc of the coalition is a \$5 million aid plan now sitting in Congress. A recent study by a U.S. team here, the State Department source revealed, points up possible ways to spend economic aid, including technical and management training.

This morning, the secretary is to visit camps along the Thai-Cambodian border. Nearly 230,000 Khmers were left stranded in Thai territory after this winter's heavy offensive by Vietnamese troops aided by those of the Heng Samrin government.

The Khmer non-communist opposition members, who recently announced a unified military command, told Mr. Shultz they had learned a lesson from the offensive and were busy penetrating the Cambodian interior, the senior U.S. official said.